



**Purchasing Modification
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 41
AGENDA DATE: Thu 05/27/2004
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changes and maintain a favorable position in the market, Austin Energy (AE) must be able to offer customers online electronic review, payment of utility accounts, and online requests for service. Customers already have the capability to pay for utility service by paper billing, walking into AE, going to pay stations around town, or by telephone. The OCC/EBPP program will allow customers to review their utility bills and pay online. All City utility services currently included in the billing statement, e.g., electric, water, wastewater, solid waste, drainage and the transportation user fee, will be viewable and payable online. This functionality was approved as a future option in the original RCA.

Implementation of the OCC/EBPP functionality will offer City of Austin customers: 1) secure, timely and accurate bill presentment and payment capabilities for residential, commercial and industrial customers; 2) an option that allows customers to review payment and usage history; update account information, such as mailing address; and initiate a bill inquiry; 3) an option that allows customers to connect, disconnect or transfer utility services; and 4) customer access to the online system at the AE website on a 24-hour/ 7-day a week basis. Utility customers will have three options for online bill payment: 1) an electronic check, 2) credit card, or 3) debit card. Implementation costs of EBPP services are an estimated \$562,000.

The cost of production services has increased due to account growth, use of collection services, excess postage charges and ongoing SAS 70 audits. This increase, in addition to the annual costs for OCC/EBPP, requires an annual cap of \$616,000 for production services with a 3% annual growth factor. The current cap is \$150,000. The total increase for the balance of the contract for these services is \$2,812,738 (\$1,566,000 for OCC/EBPP, and \$1,246,738 for other production services).

AE originally estimated the utility billing fee based on 321,000 customer accounts a month at \$1.18 per bill for an estimated \$4,545,360 per year. That estimate has been exceeded since going live in 1999. Currently, AE is billing over 400,000 accounts per month. AE will need an additional \$11,621,767 over the remaining 5 years and 5 months of the 10-year contract to allow for the currently anticipated 3% account growth per year.

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| Contract Awarded | 1/14/98 | \$51,453,600 |
| Amendment No. 1 | 8/19/99 (for additional implementation costs) | <u>\$ 675,000</u> |
| | | \$52,128,600 (Total w amend #1) |
| Amendment No. 2 | pending Council action (for ratification) | <u>\$ 261,337 *</u> |
| | | \$52,389,937 (Total w amend #2) |
| Amendment No. 3 | Requested as follows: | |
| | OCC/EBPP Implementation | \$ 562,000 |
| | Production Services Increase | \$ 2,812,738 |
| | Billing Fee Increase | <u>\$11,621,767</u> |
| | | \$ 67,386,442 (Rev. total w amend #3) |

*A companion item requests ratification of Amendment No. 2 to the agreement with Orcom Solutions, Inc. DBA Alliance Data Systems, for increased bill production expenditures.